

NATIONAL WOMEN'S BUSINESS COUNCIL  
1992 ANNUAL REPORT

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"At a time when America is suffering from huge budget and trade deficits—and from a chronic failure to significantly increase productivity—it is vital for public policy makers to seek means to catalyze the tremendous pool of talent and energy these women represent. These women are part of the most educated generation of women that has ever existed. They are a gold mine of human capital . . .

It is vitally important for our future competitiveness that public policy, in partnership with the private sector, affirm and assist this economic revolution. As part of this effort, it is essential that remaining barriers to women's entrepreneurship be eliminated."

U.S. Congress, House Committee on Small Business:  
Report on H.R. 5050, 100th Congress, 2nd session, 1988,5.

IN THIS REPORT, THE LOGO OF  
THE NATIONAL WOMEN'S BUSINESS COUNCIL  
IS PRINTED IN THE GREEN OF CURRENCY  
AS AN INDICATION OF THE IMPORTANCE  
THE COUNCIL ATTACHES TO THE GREATEST BARRIER  
FACED BY WOMEN BUSINESS OWNERS . . .

*ACCESS TO CAPITAL.*

THIS ANNUAL REPORT WAS DESIGNED, WRITTEN AND  
PRINTED IN ITS ENTIRETY BY WOMEN-OWNED BUSINESSES.

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**National Women's  
Business Council**

**1992  
Annual  
Report  
to**

**The President  
and Congress**

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*A letter from the Council  
to the President and Congress*

December, 1992

As we complete the fourth year of a five-year mandate, we look forward with great excitement to the year ahead and to the completion of more of the challenging tasks still facing us. The job has proved far larger than originally imagined, but by the same token, we have discovered resources we never imagined.

This report is not only the annual recap of our investigations and recommendations to the President and Congress, it marks the end of one era and the beginning of a new one. It is our farewell report to President Bush, and our welcome to President Clinton, whose administration will see an acceleration of the great change and growth for women business owners which has already begun.

**The greatest change for us is already under way, as the growth in women-owned businesses has outstripped the growth of small business in general.** By acting to sweep away the barriers still facing entrepreneurial women, the new administration and Congress in concert can open a world of opportunity for women and provide a major boost for the U.S. economy as we approach the new century.

We would like to express our appreciation to President Bush, to the U.S. Small Business Administration for its assistance and cooperation, to the Board of Governors of the Federal Reserve for their enthusiastic support of our programs, particularly to Gov. Lawrence Lindsey for his special attention and encouragement and to the many individuals and groups from the private sector who have helped us in our work.

We look forward to the challenges ahead.

*The Combined Census and NFWBO/Cognetics data reveal that women-owned businesses provided employment for close to 11 million people in 1990; 90% of the number employed by the Fortune 500. Given the growth trends in women-owned businesses and the decline in employment by the Fortune 500, employment by women-owned businesses is likely to surpass the Fortune 500 in 1992.*

— National Federation of Women Business Owners/Cognetics Study, 1991

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1992

RECOMMENDATIONS

TO CONGRESS AND

THE PRESIDENT

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# ***CAPITAL—THE KEY TO GROWTH***

Three years of Council investigations into the status of women-owned businesses left no doubt that the foremost barrier women perceived was that of access to capital. At every level—from the small, home-based business operating on creativity and sheer nerve to the expanding corporation preparing to go public—lack of access to adequate funding was the constant concern and the overwhelming reason cited for failures.

The seriousness of this concern led the Council to focus this year on the problem of access to capital, and the search for remedies to the problem. The results of our investigations led us to change the colors of our logo to the colors of U.S. currency: It is that important.

## **THE PROBLEM THAT EXISTS AT EVERY LEVEL**

Three levels of women-owned businesses come under Council scrutiny:

- **The start-up business or small home-based or service business that is still struggling to establish a foothold in the marketplace.**
- **The "mezzanine" business, established and running well, but needing capital for growth. Recent studies have shown that the number of woman-owned businesses in this phase is increasing at a far greater rate than businesses in general.**
- **The established larger businesses, many of which are capital-intensive, seeking major expansion funding. The number of women-owned firms in capital-intensive sectors grew dramatically in the 1980's, and should continue to expand rapidly if sources of capital increase.**

The list of concerns and barriers at all three levels is strikingly similar. We therefore request that the Congress and the new administration give this common problem—access to capital—their immediate and most serious attention.

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## **1992 RECOMMENDATIONS**

As a result of our investigations over a three year period, an analysis of the information that has been gathered, and our search for viable methods of removing the greatest barriers to women business owners, the National Women's Business Council requests that the President and Congress act immediately upon the recommendations that follow. The Council has focused on specific areas which we have concluded will be most beneficial to the largest number of women business owners at all three levels: start-up, mezzanine and investment-level.

### **DEFINITION**

It is ironic that one of the barriers to development of programs facilitating access to capital for women business owners and the inclusion of women-owned businesses in currently recognized special categories is the lack of agreement on what constitutes "woman-owned." There is currently no agreed-upon definition in general usage across all government agencies, even at the federal level. The collection of accurate data concerning women-owned businesses has been virtually impossible.

The Council, in response to expressions of concern from public as well as private sources, has studied the varying definitions of women-owned businesses, and has concluded that the definition outlined in Recommendation #1 best meets the needs of both government agencies and the businesses affected.

### **BANKING**

The recommended legislation dealing with banking practices outlined in Recommendation #2 is presented as a response to the recommendations of the experts involved in the Access to Capital Symposium as well as the testimony gathered at NWBC hearings. It will affect all women-owned businesses, but is particularly focused on the mezzanine level businesses seeking capital.

### **INVESTMENT**

The larger woman-owned firm is often seeking the level of capitalization generally not available through a standard bank loan, and may not currently have access to the type of venture capital required. Recommendation #3 deals with this problem, and is a direct result of testimony at hearings and expert recommendations from the Symposium.

### **PROCUREMENT**

Today, the U.S. Small Business Administration estimates that over one-third of all U.S. businesses are woman-owned. Despite this, **only 1.5% of all federal procurement dollars are awarded to woman-owned businesses.** The elimination of this dramatic inequity is addressed in Recommendation #4.

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## ***RECOMMENDATION #1***

### ***A Standard Definition of "Woman-Owned" Business***

There is currently no standard definition of "woman-owned" business for federal government usage. The NWBC recommends the following wording for all federal government purposes. (Please note that the SBA is currently promulgating regulations along these lines.)

#### **DEFINITION**

**A woman-owned business is a business concern with at least 51 percent unconditional ownership and control by a woman or women. Such unconditional ownership must be reflected in the concern's ownership agreement; and the woman, or women, must manage and operate the business on a daily basis.**

#### **JOINT VENTURE AGREEMENTS**

**A woman-owned business must control the performance of the contract awarded to the joint venture for the venture to qualify as a woman-owned business.**

#### **SUBCONTRACTING**

**A business concern shall not be qualified as a woman-owned business unless it meets the criteria mentioned above and it controls a significant portion of its contract with its own facilities and personnel.**

#### **CONTROL AND MANAGEMENT**

**An applicant concern's management and daily business operations must be controlled by a woman or women. An applicant concern must be managed on a full-time basis by one or more women. The U.S. Small Business Administration will consider, on a case-by-case basis, the actual management involvement of women in the applicant concern. A woman must hold the highest ranking in the organization.**

**The woman or women shall control the Board of Directors of the applicant concern, either in actual numbers of voting directors or through weighted voting. Men may be involved in the management of an applicant concern, and may be stockholders, partners, officers, and/or directors of such concern. However, these men may not exercise actual control or have the power to control the applicant concern.**

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## FRANCHISE AND LICENSE AGREEMENTS

**In determining whether the franchisor controls, or has the power to control, the restraints relating to standardized quality, advertising, accounting format and other provisions, imposed on a franchisee by its franchise agreement shall generally not be considered, provided that the franchisee has the right to profit from its efforts and bears the risk of loss commensurate with ownership. Even though a franchisee may not be controlled by the franchisor by virtue of such provisions in the franchise agreement, control could arise through other means, such as common ownership, common management or excessive restrictions upon the sale of the franchise interest.**

### *RATIONALE*

The late Gillian Rudd, in introducing the National Foundation for Women Business Owners/Cognetics study of women owned businesses, stated

**"The 1992 Presidential initiative to improve this country's economic statistics omits any mention of one of the fastest growing segments of the economy, women business owners. Federal economic statistics are numbers that move the economy nationally and internationally. It is vital to policy makers, the business community and researchers that these statistics be of the highest quality and provide a true reflection of today's economy. To ignore women-owned businesses is to neglect one of the decade's major social and economic changes."**

**Current data from a variety of sources indicates that an astounding growth is taking place in women-owned businesses—that they are a far larger factor in our economy than is generally realized, anywhere from thirty to forty per cent of all businesses in this country. Yet there cannot be an accurate count without a generally accepted definition of what constitutes a woman-owned business.**

**At both the Denver hearing on telecommunications and the Arlington, Texas hearing on high technology, women business owners talked of their frustration in identifying and qualifying for government set-asides and incentives to small and disadvantaged businesses. Even federal agencies are not consistent in their definitions, and each state develops its own guidelines. The federal government can and must set a standard for both data collection and procurement purposes.**

**The Missouri Pilot Study which the Council commissioned was designed to assess the possibility of complete and accurate data collection regarding women-owned businesses. This study did indeed provide a useful model for such studies which can produce accurate data on a national level, data eagerly sought by both government and private entities. In order to complete this study, a specific definition of "woman-owned" had to be devised. That definition is reflected in this recommendation, and in the regulations currently being promulgated by the U.S. Small Business Administration.**

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## **RECOMMENDATION #2**

### *Stimulating Bank Lending*

In recognition of the critical role played by small businesses in the economic structure, and the increasing importance of women-owned small businesses in that structure, we urge the President and Congress to act to stimulate bank lending as follows:

- A. The National Women's Business Council recommends that the banking regulators revise the FIRREA regulations to provide preferential risk weighting for those portfolio loans provided to women-owned (as defined in Recommendation #1) or minority businesses whose borrowings are greater than the Small Business Administration's qualified loan limits and less than the sum of \$5 million.**
- B. The National Women's Business Council recommends that Congress enact the necessary legislation to facilitate the creation and operation of a secondary market for securitized "small" business loans with consideration for enhanced guarantees on loans to women and minority owned businesses.**

### **RATIONALE**

The resounding unanimity of feedback with which the National Women's Business Council was met during the Federal Reserve-hosted Access to Capital Symposium in Washington, D.C. in September, 1992 confirmed that the greatest barrier to woman-owned small business growth and development is lack of access to capital. This barrier is most severe for those women business owners who have established and grown their enterprises to reasonable proportions. They find themselves beyond the size at which the U.S. Small Business Administration programs are appropriate and below the size at which venture capitalists become interested. Specifically, these are businesses whose needs for additional capital range from \$1 million to \$5 million.

Lending in these ranges is clearly the domain of the banking industry. It is the position of the National Women's Business Council that bank lending should reflect prudent practice, unencumbered by legal regulatory constraints whose definition or administration make unattractive the inclusion of viable small business loans in the bank's lending portfolio.

*A November, 1992 study of small and mid-sized businesses sponsored by Arthur Andersen's Enterprise Group and National Small Business United reported that a total of 24 percent cited "cutting regulations" as the number one task for the new administration and Congress, and almost half of these named easing of bank regulations to improve access to credit as their top priority.*

#### FIRREA AS A DETERRENT TO LENDING

A critical deterrent to bank lending for emerging businesses is represented in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) legislation which defines the financial health of banking institutions in terms of risk rated capital ratios. Specifically, banks must allocate valuable capital to portions of their lending portfolios based upon the perceived risk these loans represent as defined by the regulatory community.

At the NWBC's Symposium on Access to Capital, bankers testified to the dampening effect of the FIRREA regulations on their ability to grant small business loans, particularly to women and minorities. Changes in these regulations were cited universally as a necessary step in making capital available to these groups.

The major recommendation to come out of this symposium involved allowing banks to price for risk so that they can make loans to women-owned businesses which often do not fit the standard profile for traditional funding sources. (A more complete review of the results of the Access to Capital Symposium is included in this annual report.)

One area banker's comment was telling:

" . . . and we don't need more regulation, for god's sake. We're regulated to death. And if we continue to get regulation, we're not going to have any latitude in making independent decisions on these loan requests."

His remarks were backed up by another panelist, who cited banking industry estimates that it spends more than \$10 billion annually on regulatory compliance—59 percent of the profits of the entire banking system in 1991!

#### SECURITIZATION AS AN INCENTIVE TO LENDING

One of the three key problems in obtaining capital for women-owned businesses cited by the experts at the Symposium was the lack of availability of loan sources in mid-range, between the very small loans and the level of venture capital. Because women business owners tend to be concentrated in small businesses with relatively low funding needs and in industries lacking traditional collateral (See report on the Missouri Pilot Study, Page 20) they tend to be unattractive to lenders.

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**Funding the development of these and other small businesses would be greatly facilitated through the provision of a secondary market, making capital available through a national reservoir. As banks attempt to meet the lending needs in their individual communities, they will be better able to provide long term commitments to developing businesses through the securitization of small business loans whose subsequent sale to institutional investors will free bank capital and make additional funds available for investment in local communities.**

Allowing financial institutions to operate as conduits delivering available funding to small businesses, without having to portfolio these loans, will not only bring more capital to developing businesses but will mitigate the risk to the banking industry associated with non-diversified portfolios.

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### **RECOMMENDATION #3**

#### *Securitization of Small Business Loans*

The small business growth cycle includes a third and final stage in which the business has evolved to the point at which its requirements for capital are insufficient to attract the attention of venture capitalists, but beyond the level at which community banks can address these funding needs.

**The National Women's Business Council recommends that in enacting the previously recommended legislation to facilitate the creation and operation of a secondary market for the securitization of small loans, the parameters established for defining these loans be sufficiently broad so as to include those businesses whose asset values may be as high as \$18 million and whose annual net income may be as high as \$6 million.**

#### ***RATIONALE***

Venture capital specialists who have participated in the Council's recent hearings and in the Symposium on Access to Capital have been blunt. Women-owned businesses, even those few seeking capital at the level which might interest venture capital sources, rarely fit the profile of the few ventures funded each year. For the larger woman-owned business, alternative financing options must be sought.

#### **GENDER BASED DIFFICULTIES—NON-GENDER SPECIFIC NEEDS**

Women in both high technology industries and telecommunications who actually had found funding in the \$6 to \$18 million range told of difficulties which seemed far beyond what should be expected for companies with records of successful and profitable operation. At this top level of small business as well as the start-up level, women do not fit traditional, comfortable profiles, and compete less successfully for scarce expansion dollars. Those who have succeeded demonstrate remarkable tenacity as well as top level professionalism.

At earlier stages in the business growth cycle women tend to seek and achieve lower levels of funding, and appear to succeed with less start-up and expansion money. (See the report on the Missouri Pilot Study, Page 20, and the results of the Special Focus Groups, Page 28.) At this stage, however, that is not possible. **Financing needs of the mid-sized business seeking capital are not gender-based—a woman-owned firm cannot get by with less.**

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## BROADER BENEFITS

Providing funding to these businesses, whether woman-owned or not, can be a complex process. A secondary market for loans granted to businesses in this category will provide the essential momentum for the businesses to grow to the point of recognition in the venture capital, regional banking and national banking arenas. This was also a recommendation of both the 1980 and 1986 White House Conference on Small Business. The benefits of small business loan securitization will accrue to all small businesses, and thus to the economy as a whole.

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## ***RECOMMENDATION #4***

### ***Federal Procurement Standards***

- A. The National Women's Business Council strongly urges that Congress mandate action by all federal agencies to set prime and sub contracting goals for women-owned businesses.**
- B. The National Women's Business Council strongly urges Congress to expand the current Department of Defense section 1207 set-aside authority to the civilian agencies that have been required by law to increase their contracts to women-owned businesses.**

Today, the U.S. Small Business Administration estimates that over one-third of all U.S. businesses are woman-owned. Despite this, only 1.5% of all federal procurement dollars are awarded to woman-owned businesses. This dramatic inequity is perpetuated by the lack of legislative mandates that specifically target women-owned businesses for assistance in entering the federal procurement system. The U.S. Small Business Administration has taken the lead in interpreting the Congressional data collection requirements as a basis for requesting goals from all federal agencies for prime and sub contracts awarded to women-owned businesses.

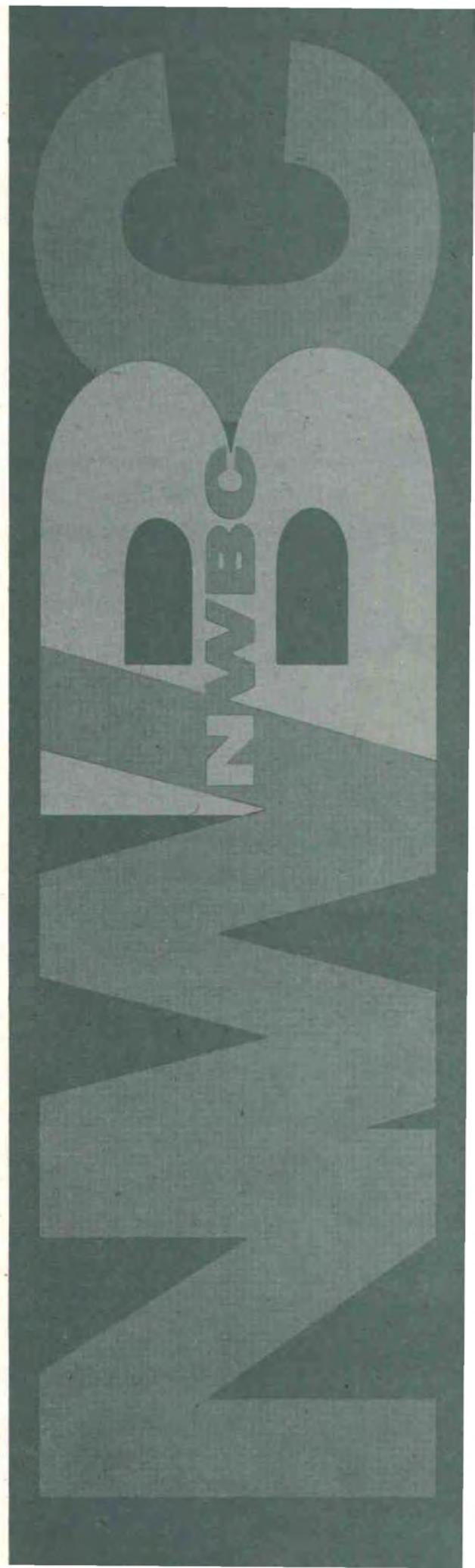
The Department of Transportation was until recently the only federal agency which designated women as disadvantaged business owners on a par with minorities for purposes of their state grant programs. In addition, Congress recently passed laws with language specifically including women-owned businesses in the targets they set for small and disadvantaged business participation. Specifically, the Department of Energy, NASA and EPA have all received these directions, but without the tools to target women-owned businesses. In other words, the language did not clearly include set-aside authority for women-owned businesses; the set-aside authority these agencies have to meet these new goals is primarily under the 8(a) program—where women are not a designated group.

1992

A YEAR OF

ACHIEVEMENT

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# ***THE SYMPOSIUM ON ACCESS TO CAPITAL***

*A successful event yields  
a model for the future*

## **BACKGROUND**

The expert roundtable model for the Access to Capital Symposium was developed by the National Women's Business Council as a means of defining possible remedies for the barriers discovered in the course of their hearings, by bringing together a broad range of experts in guided brainstorming sessions designed to encourage the creative process. The conclusions of the participants in these sessions help define the recommendations made each year by the Council in the Annual Report to the President and Congress.

The Access to Capital Symposium brought together experts in banking, venture capital, microloan programs, and government and private programs with Council members, SBA representatives and selected women business owners in a discussion designed to develop proposals for ensuring access to capital for women business owners.

The investigations of the NWBC over the past four years have indicated that the most pervasive barrier to success for women business owners is lack of access to capital. The Council decided to take a hard look at the realities of the capitalization picture for women-owned businesses today and in the future and at the same time stimulate creative thinking by the experts on solutions to the problem.

## **THE SYMPOSIUM**

Morning sessions defined the environment; they featured a panel discussion including several different viewpoints on current policy and economic factors affecting the availability of capital, and an analysis of the current environment for financing start-ups and business expansions.

Following the morning presentations the roundtable participants were divided into six discussion groups, each charged with the same two tasks. Each of the six tables developed their answers to the two questions, and presented them to the group at large. The entire group discussed their conclusions, and each individual participant was asked to vote on the final listing.

(See Appendix for detailed agenda.)

## **THE CONCLUSIONS**

The participants identified 15 problems and 15 solutions from which they chose the following priority problems and best solutions:

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## Topic 1: The Problems

- Women business owners don't fit the standard profile for traditional lending sources. They tend to be concentrated in small businesses with low funding needs, industries lacking traditional collateral.
- Lack of availability of loan sources in mid-range between very small loans and venture capital.
- Lack of access to the network of financing sources.

## Topic 2: The Solutions

- Changes in banking practices including more unsecured credit, allowing banks to price for risk so they can make some of these loans, better use of contract financing and accounts receivable funding.
- Increase the number and types of lending pools/funds, including public/private partnerships and joint ventures.
- Allow banks special categories for small business loans (or high risk small businesses).

## ADDITIONAL OUTCOMES

- One of the most interesting proposals to come out of the symposium was that the Federal Reserve hold regional symposia on access to capital in each of their regions. The Board of Governors of the Federal Reserve have agreed to host such programs, and they are expected to commence in the third quarter of 1993.
- The direct interaction between women business owners, bankers, venture capitalists, government guarantee experts and state advocates has already yielded positive results in terms of individual contacts and initiation of a network which should benefit the participants and others on a long term basis. We expect to see continuing dialogue among this group.
- The importance of and differences among the three identified levels of financing needs were underscored by the results of this program, and will guide future recommendations of the Council.

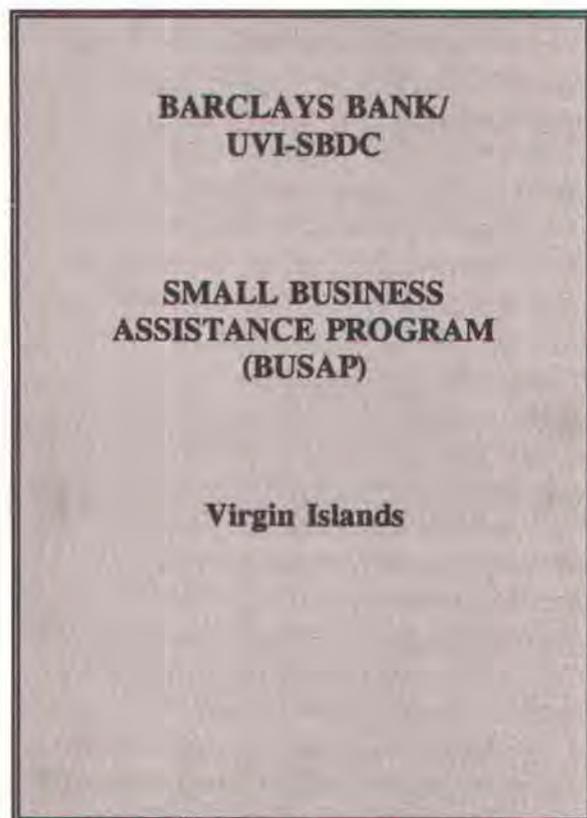
## FOLLOW-UP

The results of this symposium and any regional symposia which may result will be factored into the program for the September, 1993 Women's Economic Summit to be sponsored by the National Women's Business Council in cooperation with the SBA Office of Women's Business Ownership and the U.S. Ambassador to the U.N. Commission on the Status of Women.

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## ***MODEL PROGRAMS PROMOTING ACCESS TO CAPITAL***

The Symposium on Access to Capital, as well as the NWBC hearings around the country, brought the attention of the Council to a number of excellent state and local programs designed to assist women-owned businesses in obtaining capital. Many provide excellent models for adoption in other parts of the U.S. Information on a variety of these programs is available through the NWBC office, but the following are three interesting models.



In 1988, Barclays Bank PLC and the University of the Virgin Islands Small Business Development Center cooperated in the establishment of a joint program, open to all Virgin Islands residents, to bridge an existing gap in the provision of financial support to local entrepreneurs.

These entrepreneurs faced many of the typical obstacles in their attempts to secure commercial capital including the lack of sufficient collateral and traditional business training. The relatively low dollar amount of financing they sought was also too small to make these loans commercially viable through the application of standard criteria. Each entrepreneur did present however, a business, or business concept, with an excellent potential for growth and a very strong work ethic.

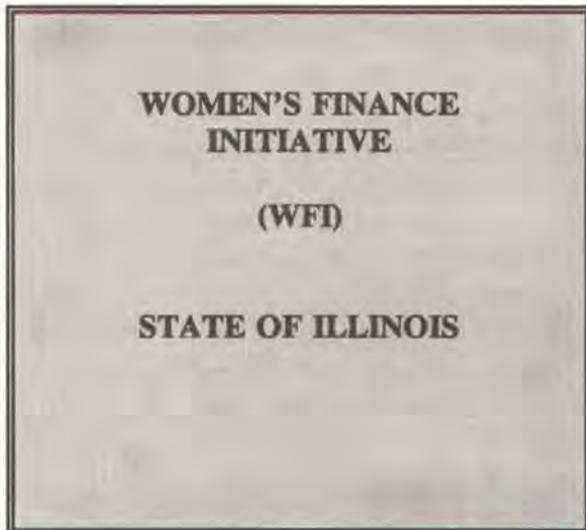
The BUSAP program was established on the basis of a capital substitution plan. Initially Barclays Bank allocated a sum of \$100,000 to the program, which has since been raised to \$300,000 and is available to applicants up to a maximum of \$10,000. The primary role of the UVI-SBDC is to identify qualified entrepreneurs from the center's clientele. The SBDC assists them in the preparation of their loan applications, supervises the disbursement of loan proceeds, and provides management assistance and control systems to reduce the chances of business failure.

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As of September 1992, thirty-two (32) separate loans have been processed, and 81% of these have been successfully repaid or are current. A detailed analysis reveals that 59% of all loans were to female applicants, and that an additional 6% were to groups including at least one woman.

"I would not presume that our program is unique or that our approach provides a blue-print for adoption elsewhere. I do feel however that this *community level* approach is one important aspect in the partnership between independent agencies . . . and the established business community that must be achieved if we are to see an equality of opportunity in the development of new businesses that is one of the keys for economic success."

*Roger White, Senior Vice President Barclays Bank;  
testimony before the NWBC 9/11/92*



The Women's Finance Initiative was designed to create a strong and effective public/private partnership committed to the growth, support and development of women entrepreneurs in Illinois.

The WFI program participants include the Illinois State Treasurer, technical assistance centers such as Small Business Development Centers, women's business organizations and associations, and financial institutions.

The State Treasurer's Office encourages financial institutions to participate in the WFI, develops new programs to help businesses through the initiative, and markets the WFI program through the Treasurer's Office.

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## LINKED DEPOSITS BACK PROGRAM

The State Treasurer deposits state funds in participating financial institutions to back approved loans. Two types of low interest loans are offered:

- Emerging business loans for up to \$50,000 for operations one to three years old, and
- Expansion business loans over \$50,000 for firms three years or older.

Participating financial institutions enter into an agreement with the State Treasurer's Office and the WFI. Banks pay a yearly participation fee to cover the technical assistance centers' cost of marketing the program which ranges from \$500 to \$2000 depending on bank size. All credit and lending policies are set by the financial institution. Financial institutions are encouraged to explore the use of non-traditional forms of collateral when evaluating the loan application, such as accounts receivables, government receivables, signed government and private sector contracts, purchase orders and collection/payment records.

## TECHNICAL ASSISTANCE CENTERS

The Technical Assistance Centers help business owners write the business plan, collect financial information, and complete the loan application process. The technical assistance providers work with both the banker and applicant and provide continued assistance to women entrepreneurs including post-loan management assistance, cash flow projection updates, and record keeping assistance.

## MARKETING AND MONITORING THE PROGRAM

Over 60 different women's business and professional groups meet in the Chicago area alone, forming a powerful network of women entrepreneurs. These organizations act as an effective marketing tool for the initiative and work to develop the existing relationships with participating financial institutions.

All participating organizations market the program through their respective newspapers, internal communications and referrals. Organizations also participate in workshops to share information about the specific needs of financial institutions when reviewing a loan. In addition, each organization participates in a WFI Coordinating Council which monitors the program and makes recommendations to the State Treasurer on barriers to access to capital for women.

For further information on the Women's Finance Initiative please contact:

Illinois Treasurer's Office  
State of Illinois Center  
Suite 15-600  
Chicago, Illinois 60601  
(312) 814-3571

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**WOMEN'S NETWORK  
FOR  
ENTREPRENEURIAL  
TRAINING**

**(WNET)**

**Rochester,  
Minnesota**

As women continue to establish businesses at a rate twice that of male entrepreneurs they also continue to search for the resources to allow them to maintain and develop their new ventures. Often the most valuable resource is the mentor—a woman entrepreneur who has been in business longer but faced similar challenges and found solutions. Because women have a shorter history of business ownership, and particular problems relating to gender, it is often difficult for a woman entrepreneur to locate such a mentor.

#### **THE SBA WNET PROGRAM**

In 1988 the U.S. Small Business Administration recognized this special need of women business owners and, through the Office of Women's Business Ownership (OWBO), established the Women's Network for Entrepreneurial Training (WNET). WNET is designed to match successful women entrepreneurs--in business for at least five years--with women business owners whose companies are ready to grow. For a period of one year, the mentor serves as a role model and advisor and offers technical assistance. While mentor and protegee teams do not share the same business fields they do deal with similar challenges.

As of 1992, WNET programs have been established in all 50 states, the District of Columbia and Puerto Rico. The program most often used as a national model was established in late 1990 in Rochester, Minnesota.

#### **THE MINNESOTA MODEL**

Minnesota WNET (MWNET) has expanded the definition and training of both protegees and mentors. Currently 186 individuals are involved in the MWNET program throughout the Southeast, Northwest and Mankato regions of the state. Women whose businesses are in the start-up phases (under 1 year) are encouraged to participate in a variety of workshops, conferences and roundtable discussions for up to a year prior to becoming a protegee and being assigned a mentor. Potential mentors also are encouraged to participate in development and maintenance of professional networks. "Needs Assessment" surveys are conducted on a regular basis to determine the types of support and education that the protegees require so that seminars can meet their needs.

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The continued success and advancement of the MWNET program has fostered inquiries from South Africa, Canada, Central America and The Commonwealth of Independent States. A strong relationship has already developed between MWNET and *Missia*, an all-Russian Women's Association based in Moscow.

For further information on MWNET please contact:

Ellen Nelson  
Coordinator, MWNET  
University Center Rochester  
851 30th Avenue SE  
Rochester, MN 55904  
(507) 285-7536

Information regarding WNET programs in other states may be obtained through the Office of Women's Business Ownership of the U.S. Small Business Administration, or from local or regional offices of the SBA.

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# ***THE MISSOURI PILOT STUDY***

## ***The first step in developing a national picture***

The NWBC mandate includes the review of data collection procedures and the availability of data on women owned businesses. The lack of accurate and complete data of this type led the Council to select as one of its major projects the completion of a research pilot which would provide guidance to public and private sector organizations in selecting a methodology for collecting demographic and attitudinal information on United States women business owners.

The following is a summary of the project; a complete report is available for review at the NWBC office in Washington.

### **THE TASK**

Past data on this important segment of the population have been inadequate for several reasons. Since an accurate sample is essential to reliable findings, the lack of a standard definition of a woman owned business is certainly one barrier to research. If a sample is to be representative of all existing women business owners, it must be selected from the most accurate and comprehensive sources available. The lack of a widely accepted definition of a woman owned business, coupled with the varied methodology for information gathering for lists, makes the attempt to create a sample time-consuming, costly, and with no guarantee that the final product will be a true picture of the universe of women owned businesses.

The challenge to overcome the barriers to reliable research on women-owned businesses was set out in a Request For Proposal from the Council in October of 1991. The state of Missouri was selected by the NWBC and the SBA's Office of Economic Research for use in this pilot test. The premise of the proposal was that creation of a reliable sample in a typical state could then be used as a model for a national sample of women-owned businesses. The contract was awarded to Response Analysis Corporation of Princeton, New Jersey in the spring of 1992. Response Analysis, the National Women's Business Council and the SBA Office of Economic Research together established the parameters for achieving the research objectives and creating a useful product. We asked Response Analysis to do two things:

- Report on the incidence of woman ownership and document the process;
- Gather selected demographic characteristics as well as the financial history of the women owners.

### **DEVELOPMENT OF THE PILOT**

Several preliminary decisions were made for purposes of this pilot, the most important being to use 51% female owned as the definition of a woman-owned business. While the more frequently used definition is 50%, several government agencies have begun to insist on 51% for purposes

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of assistance and procurement. Also, the Census Bureau is moving toward 51% as the operative definition for woman-owned. A second decision was to gather information about the business exclusively from the owner; managers were not adequate substitutes, although family members of the owners might be considered. The original study design called for a total of six hundred completed interviews from women-owned businesses of two different sizes, the smaller of which was from one-to-twenty four employees, and the larger businesses those with more than twenty five employees.

One of the most compelling aspects of the Response Analysis proposal was their recommendation to test comparative sampling sources to find the best balance between accuracy and inclusiveness. For purposes of the pilot project the two types of sources were named "listed" and "screened."

It is possible to purchase existing lists of women-owned businesses on a national and statewide basis. The sampling process for a research project, selecting individual businesses at equal random intervals from such a list, can then be applied. These purchased lists do have certain built-in problems. In addition to the fact that updating them is time-consuming and costly, they are often drawn from established databases that leave out many small and relatively new businesses. Larger businesses are often left off these lists completely since they may be publicly held by a multitude of stock-owners, or have a management structure that makes it difficult to assign "ownership" among several top positions.

The Response Analysis proposal recommended testing the lists that are created "for" the State of Missouri by national organizations, against the kinds of lists that are created "by" the State of Missouri through such avenues as yellow-page directory listings. A search would also be made for specialized trade directories, government or organizational directories to enhance the lists created by the State of Missouri. Since these directories usually include all known businesses, an extra step must be taken to screen them for women's ownership. This adds both time and expense to the sampling process, but an important goal of this pilot project was to assess the value of these various sources and how best to use them to create a reliable research sample.

The summer months of 1992 were spent in the development of the questions, a search for the best list sources and a pre-test of the document to obtain some feedback on list sources and the ease with which the questions could be administered. One result of the pre-test, along with an evaluation of sample sources, was to change the parameters describing business size. When the difficulty of finding sufficient eligible companies in Missouri became obvious, the modified definition for small businesses became those with one-to-twenty employees, and larger businesses those having more than twenty employees.

The actual interviewing began on October 8, 1992. About three weeks into the interviewing process it became obvious that by changing the definition of a woman-owned business to the more restrictive 51% from the more widely used 50%, Response Analysis would run out of names long before completing the 600 interviews.

Lists were purchased based on the fact that the 1987 Quinquennial Census established the number of woman-owned businesses in United States at 30% of all businesses. Response Analysis then made an estimate on the number of names it would need at the 51% definition,

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and ordered lists they assumed would give them enough names at random intervals to achieve the pilot study goals. The study was stopped while more lists were ordered, but this finding helps establish one of the most important aspects of this pilot test.

If we assume that the number of women owned businesses in the State of Missouri (using the 50% figure) is close to the national average of 30% as determined in the 1987 Census, then the number of women-owned businesses according to the 51% standard should also be close to the national average. This pilot shows that 13% of Missouri's businesses qualify as woman-owned using the 51% figure.

At this point we decided to revise the total number of interviews, since we now knew that an attempt to reach the original goal of 600 interviews would take us beyond the agreed upon contract price, and we would not alter what we were learning about methodology, having already learned one of the most important lessons of this pilot.

While waiting for the new lists to arrive the study design was amended from 200 completed interviews each from the listed and screened samples of smaller businesses and 100 each from the larger businesses to 155 from each source among smaller businesses and 32 from each source of businesses with more than 20 employees, for a total of 375 completions. The actual final yield from the first and second order of lists was 407 completions:

166 completions from the listed sample in small businesses

175 completions from the screened sample in small businesses

33 completions from the listed sample in larger businesses

33 completions from the screened sample in larger businesses

Another valuable finding was that even the additional names from the second list order added only one new company with more than 20 employees, while 31 new businesses were added in the category of 1-20 employees. This was a confirmation that accuracy was not compromised by changing the size category and establishing a base of fewer than 20 employees as the smaller sized business.

Other explorations for this pilot study included the attempt to factor the significance of such things as businesses with multi-sites, multiple directory listings, more than one phone number, businesses with indeterminate ownership such as schools, hospitals, utilities, C-corporations, figurehead ownership, home-based businesses and home-based entrepreneurs who travel in the conduct of their business.

#### END PRODUCT/CONCLUSIONS

Two reports were produced from this investigation; a methodology report and a set of tabulations that describe the demographic characteristics and financial history of the study participants. The final product of the methodology portion is a manual which gives a complete picture of how the

experiment was done, along with the implications for a national study. Each individual exploration of this pilot is displayed in graphs that break down the significant findings numerically and where possible, by percentage. This manual could be handed to a statistician as established guidelines for creating an accurate sample and estimating the cost of creating such a sample. The two major methodology implications from this project are:

- There is a significant increase in the incidence of women-owned businesses through the combined use of listed and screened samples. This process can increase the efficiency of the sampling procedure while decreasing interviewing costs.
- The definition selected for women ownership determines the scope of companies that would be eligible for inclusion in a sample. Moving from a 50% to a 51% definition narrows the universe considerably, and further complicates the process in terms of larger firms. If the interviewee must be the owner, and managers are determined unacceptable substitutes, it adds time and costs to the final product.

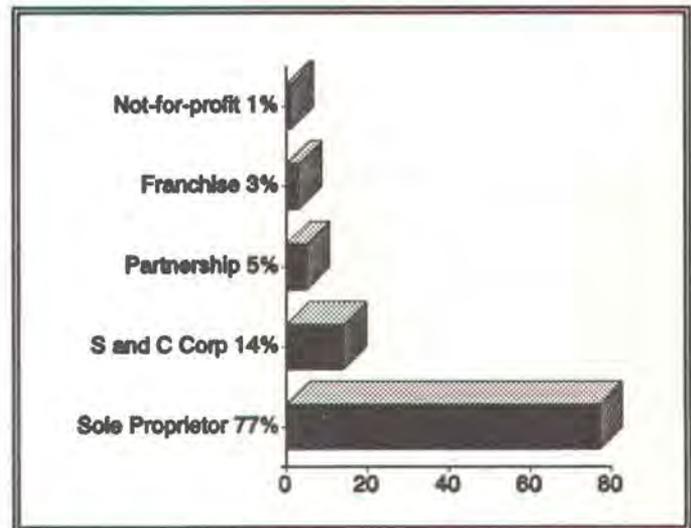
## FINDINGS

### Business Characteristics

Of the 407 participants in this pilot, the breakdown was as follows:

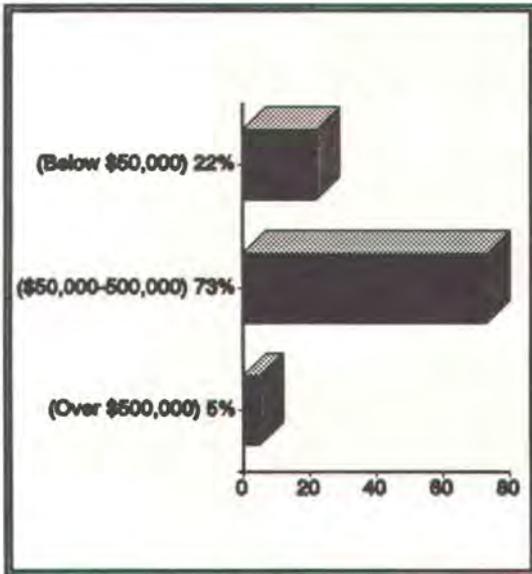
77%	Sole proprietor
14%	Chapter-S and Chapter-C Corp.
5%	Partnership
3%	Franchise
1%	Not-for-profit

Most of the women (88%) also manage the businesses they own. Of those who do not, 6% were managed by males. The remaining 5% said management was split between male and female managers.

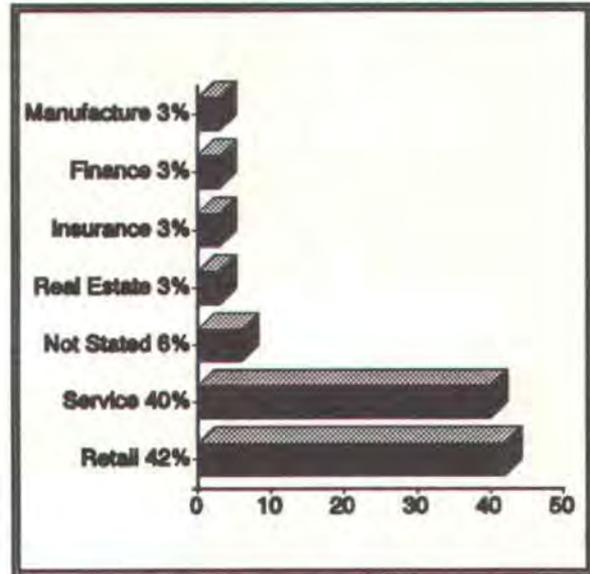


Type of Business

The average number of employees in these businesses was in the 3-5 range and the average age of the businesses was in the 9-12 year range. The majority of businesses surveyed clustered almost equally in the retail and service areas. Of those who identified sales/revenue in 1991, 22% earned below \$50,000, almost 73% were in the \$50-500,000 range, with only 5% above \$500,000.



**Sales**

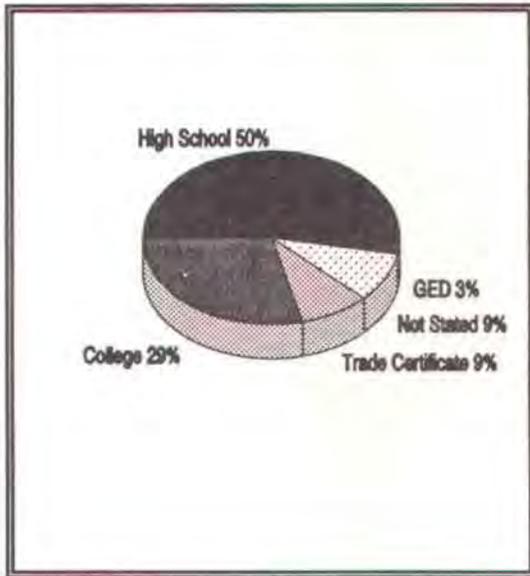


**Kind of Business**

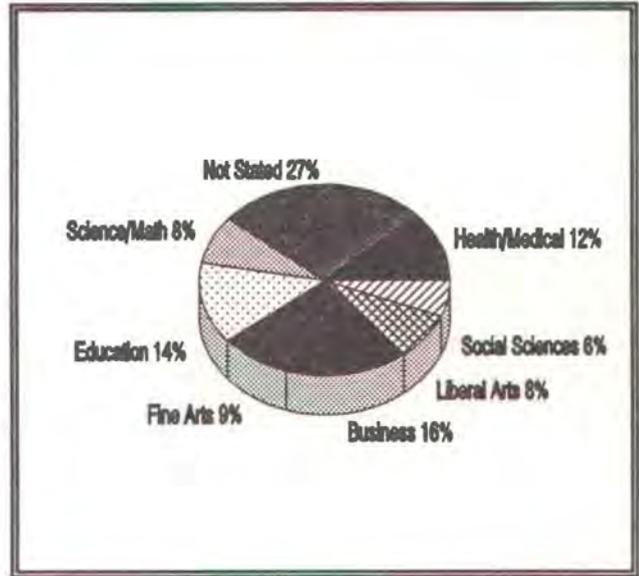
### Owner Characteristics

Most (58%) of the women business owners are between the ages of 40-60, while 25% are 20-40 and 17% over 60. A majority (66%) are presently married, 17% either separated or divorced, 7% single and the remaining 10% widowed. Almost one-third (32%) have children under the age of 18 who still live at home. Almost all (95%) were white, with 5% African-Americans and 2% divided equally amongst Asian and Hispanic. Half (50%) stated that their highest degree was a high-school diploma, with an additional 3% who said they took the GED or other equivalency test, and 29% had degrees ranging from an Associate degree up through a doctorate. Another 9% mentioned that they were board certified in such areas as cosmetology or real estate. For a report on Missouri Focus Groups, see Page 20.

A majority of these women (58%) started businesses without having any previous management experience. Of the 42% who said they had had previous management experience, 53% said it was in the same field as the business they chose to be in and the number of years experience was significant in that it ranged from 5-20 years. Some of the findings here parallel those that were discovered in the focus groups, e.g. the main reason women said they wanted to go into business for themselves was so that they could be their own boss (24%), followed by somewhat less specific reasons such as the fact that they always wanted to have their own business, liked to work and had turned a hobby into a business (23%). Reasons like opportunity and challenge (17%) are also ahead of making money (11%) as the main reason, although there are several other money-related kinds of reasons such as self-preservation (4%) and security (2%).



**Education**

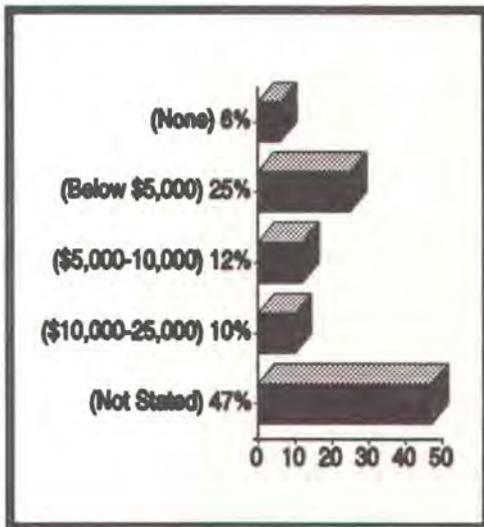


**Field of Study**

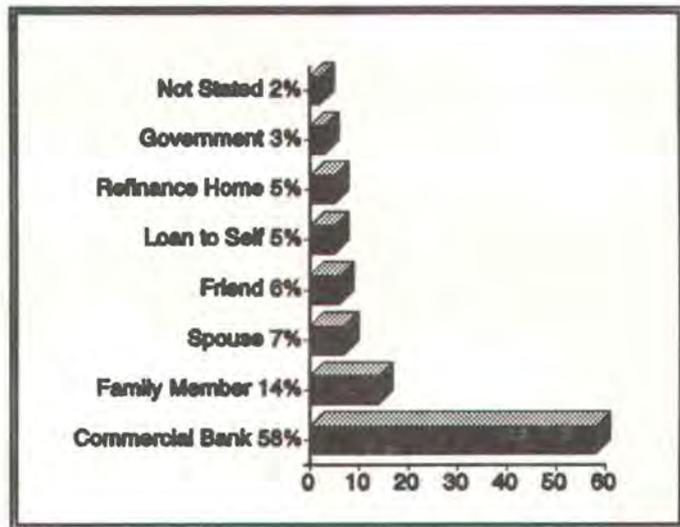
### Funding Issues

About one-quarter of these business owners said the amount of start-up capital for their business was between \$1-5,000, with an additional 6% who said there was no start-up capital when they began. This confirms the more subjective information the Council has been collecting over the past four years. Women tell us that they start their businesses with very small amounts of money. This information shows that over 50% of small businesses started by women begin with less than \$25,000 in capital. From what we know anecdotally, it was surprising to see that about half of those (48%) who borrowed money (58% said they did) were able to do so from a commercial bank.

Of those who sought expansion money in the past three years (30%), the pattern is similar to that seen in the start-up funding. The use of commercial bank loans is even higher here (78%) and while in most cases the amount borrowed was also \$25,000 or less, there is the beginning of a trend toward larger amounts of money going up to \$1,000,000. A small group of people (4%) attempted to borrow from \$10-50,000 during the past three years and were denied. Those who were denied by commercial banks said the two main reasons they were turned down were because they either "had no capital or secured collateral to back the loan" (34%) or "no credit or an insufficient credit history" (28%), while a few (8%) had bad credit. Of the few who were turned down by federal, state or local government, all were given the reason "no credit or an insufficient credit history."



**Start-up Capital**



**Loan Sources  
Start-up Funding**

Of those 14% who had to borrow money to keep their businesses going during the past three years, about 70% were able to borrow from a commercial bank with the range from \$5,000-25,000. Secondary sources in all of these instances after banks or government agencies tend to be family, spouse and a persons own resources.

#### Selected Observations/Conclusions

Knowing that these women went into business to provide greater opportunities for themselves and their families, along with a need for independence, they did say that the main obstacles they had to overcome were building their markets and learning the business and securing capital. Most of them (80%) said they did not consult a professional advisor before going into business and of those who did, the majority of them sought advice from a private advisor while 19% sought help from a government program or agency. All but a few of the agency mentions were the SBA and some respondents specifically referenced two fairly well known programs affiliated with the SBA, one being the Service Corps of Retired Executives (SCORE) and the other a Small Business Development Corporation (SBDC).

While 40% said being a woman played a role in some of the problems they encountered in their businesses, 60% do not think so. Of the 40% who do attribute some of their problems to their gender, they said it affected their original negotiations in purchasing a business and in getting credit. **There probably is a correlation between having a working mother and being a woman who will take the risks involved in starting her own business.** Keeping in mind the fact that most of these women business owners are between the ages of 40-60, 53% of them had mothers who worked outside the home and all but 25% of those had full-time employment. Since it has only been in the last 15-20 years that more than 28% of adult women worked outside the home, it would appear that more of these women had mothers who worked while they were growing up.

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A few interesting facts are that more of these women are middle children (36%) than the eldest in their families (33%) or the youngest (24%). The finding expected here was that more of the older children would have the entrepreneurial spirit in a family. It may also be noteworthy that 75% came from families where they were not the only female child.

In the focus group research we did concurrently with this pilot study we did learn that some women wish they had paid a bit more attention to doing some market research before they began and, that they had been bolder with their advertising and/or marketing sooner than they did. Almost all of those women think they will stay in business for themselves, even if it is a different business than they were in when we spoke to them. Among this group of participants we asked what advice they would give to a woman just starting up and their responses were also of the more encouraging and positive:

- "Go for it/believe you can do it/have faith in yourself." (32%)
- "Be prepared to work hard/long hours." (23%)
- "Know your business/competition." (21%)
- "Have enough money." (16%)
- "Give it enough time/be patient." (12%)
- "Be aggressive/courageous." (9% each)
- "Be ready to manage/work with people." (7%)

#### **FOLLOW-UP**

The results of the State of Missouri pilot project lead the Council to place a high priority on the following future activities:

- That the National Women's Business Council work with the appropriate public and private sector organizations to implement ongoing national survey research on women business owners at regular intervals.
- That the methodology handbook created by the National Women's Business Council pilot study be given wide distribution in the public and private sectors to assist in the creation of a reliable sample for national survey research.
- That focus group, executive interviews and experimental research be considered to further explore certain findings of both the National Women's Business Council pilot and focus group projects, e.g., length of time in business, gender differences, access to capital and related funding issues.

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## ***SPECIAL FOCUS GROUP STUDIES***

### ***Women-Owned Businesses: The Start-up Phase***

When the Council accepted the challenge of developing a model for accurately surveying women-owned businesses, they recognized that no matter how complete a pilot study they commissioned, there would be areas which could not be tested through ordinary survey research. Examination can be done, however, through the use of focus groups. Although focus groups do not produce scientifically provable data, they offer good insights into the range of responses accessible through research, and can be invaluable both in analyzing data from broader studies and in planning future narrower-based studies.

#### **THREE LEVELS OF BUSINESS OWNERSHIP**

The work of the Council has made it clear that women business owners are no more a homogenous group than men business owners, but that in addition to specific industry, there is one clear method of logically categorizing them—into start-ups (less than five years old), mezzanine or mid-range businesses looking for growth capital and opportunities, and successful, well-financed enterprises.

Businesses in the first category, start-ups, are rarely measured by the usual survey methods—partly because they are harder to find. Some research is available on start-ups in general, but there is no gender-specific data available, making this an ideal topic for focus group exploration.

#### **THE PARTICIPANTS**

The four focus groups were held in St. Louis and Springfield, Missouri in September, 1992. Participants were women from a broad range of home-based, retail, wholesale, service and agricultural businesses. Most had been in business from one to three years. A total of 48 women took part in these sessions.

Sessions were conducted by American Viewpoint, a national survey research firm headquartered in Alexandria, Virginia. A full report on the focus groups is available at the NWBC offices.

#### **THE RESULTS**

If the Missouri focus groups present an accurate picture, the average woman at this stage in her business thinks of herself as a risk-taker, regrets not having done more market research, likes the freedom and sense of self-respect she has achieved, didn't go into this to get rich, is concerned about financing growth and thinks the SBA has very little to offer. She sees traditional male operating styles as the barrier to progress in the workplace, and attracting, recruiting and keeping reliable employees as the biggest problem in running her business.

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Is she a typical entrepreneur, or does her gender set her apart? We cannot be positive without comparing these results with those of general studies. Certain responses, however, were characteristically feminine and probably represent true gender differences, at least attitudinally.

### THE IMPACT OF GENDER

When asked about the biggest problems facing women in the workplace, the responses of these business owners were very personal, focusing on perceived discrimination, the balancing act of maintaining home and family while running a business, and the need for quality child care. Many of them admitted that the time pressure on them was self-imposed—that they were responding to their own expectations rather than being pushed by others when they spent so much time on home and family activities. As a new generation of women who are not as strongly socialized to placing home and family concerns first comes along, it will be interesting to compare them to these business owners.

Whether real or perceived, discrimination was reported almost universally. These women not only felt they had been treated unequally in job settings, but cited instances of discrimination in terms of business—in gaining contracts, treatment by vendors and clients, and even availability of business space.

Most of these women started with very little capital, and seriously under-estimated the amount of money needed during the start-up phase. This may or may not be gender-related. What is gender-related is the feeling that all of these women had that they were different from other women; that they were more determined, were greater risk-takers, and more independent than their women friends.

### OTHER FINDINGS

Further study will be needed to test gender specificity of the following, but they were strong trends among the participants and should be examined further.

- Employee problems. Almost every participant cited problems with employees—generally unreliability—as the number one difficulty in running the business.
- These women did not go into business with money making as their first consideration. The most frequently mentioned reasons involved issues of personal freedom and control: the ability to make one's own decisions, control over one's life, escape the glass ceiling, independence, and flexibility.
- The most positive result of entrepreneurship was increased confidence and a strong feeling of self-worth.

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- Disappointment with the SBA. In every focus group, participants told of their negative experiences with SBA. Some simply didn't understand the role of SBA, but many complained that ". . . received very poor service," ". . . forms are too complicated" and "They offer very little real assistance." "There is no help. It's just a big joke."

#### CONCLUSIONS AND RECOMMENDATIONS

These women truly fit the entrepreneurial profile. The transcripts of the proceedings contained frequent references to challenges, freedom, independence, determination, and personal pride; one woman stated, "I'll always be out there and I'll always be an entrepreneur. How could I be anything else?"

Previous studies of women-owned businesses appear to show women starting with much lower levels of funding and expanding more slowly. Obviously lack of access to capital is the primary reason for this, but in this focus group as well as in other investigations there appears to be a difference not in attitude toward business or ambition, but in terms of expectations. Women entrepreneurs appear to set lower goals, and have lower income expectations and lower estimations of funding needed for start-up or expansion. Further study should be done to assess this pattern.

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## ***DIRECTORY OF STATE PROGRAMS TO ASSIST WOMEN BUSINESS OWNERS***

Although the Office of Women's Business Ownership at SBA and the National Association of Women's Business Advocates (NAWBA) had gathered some information, there had never been a complete directory of state programs, set-asides and services for women business owners. The Council completed the research for such a directory, the first edition of which was published in 1992 with the cooperation of NAWBA and Entrepreneur Magazine.

Maintenance of complete and accurate information for this directory requires constant re-checking of data. Each state offers a different mix of programs to assist women business owners, centered in a wide variety of state agencies. These programs change as administrations change, as well. Maintaining this information and providing it to organizations and individuals is an important activity which should be continued.

The Council will work to ensure that the directory will be maintained and updated annually, and plans to assist in the addition of information on city and county programs in key metropolitan areas. The Council will recommend that this directory be maintained by and housed in the Office of Women's Business Ownership at the SBA.

To obtain copies of or information concerning the directory, contact:

Melody Borchers, President  
National Association of Women's Business Advocates  
c/o Ohio Department of Development  
777 South High Street  
Columbus, Ohio 43266-0101

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# ***THE DENVER HEARING AND EXPERT ROUNDTABLE***

## ***Women Entrepreneurs in Telecommunications***

### **THE HEARING**

The Council met in Denver on March 16, 1992 to explore opportunities for women in the telecommunications industry. They heard testimony from business owners, financial experts, government officials, academics and others involved in the telecommunications industry. The following is a brief summary of the testimony.

#### **TELECOMMUNICATIONS: AN INDUSTRY OF OPPORTUNITY**

Telecommunications offers women the opportunity to participate as equals in an integrated industry. Unlike traditional male-dominated sectors of the economy, this rapidly expanding industry offers abundant opportunity for anyone with the ideas, products and skills to build a business.

Many women are bypassing the management "glass ceiling" by moving directly into ownership in one of the many telecommunications fields.

#### **THE CHANGING WORKPLACE**

Advances in telecommunication continue to rapidly alter the workplace. No longer are professional women forced to choose between a traditional career and family responsibilities as new technologies and work arrangements offer the opportunity to balance career and family. Fax machines, teleconferencing, and personal computers allow people to work independently of the office environment—already telecommuting is an increasing trend. A flexible workplace relieves the pressures women face in balancing career and family. Today's options are quite different.

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## **GOVERNMENT POLICY: THE REGULATORY FRAMEWORK FOR TELECOMMUNICATIONS**

It is important that the regulatory framework for this industry be balanced between encouraging development and fair and equal access to the telecommunications marketplace. In 1984, the Cable Communications Policy Act established a national regulatory policy for cable television; this helped encourage economic expansion and led to development of new technologies and increased consumer choice.

The telecommunications industry is at a similar crossroads as technology has outstripped the capacity of our national telecommunications infrastructure. The "information superhighways" of the future will require modernization of antiquated wire telephone cables. Many other nations are in the process of updating telephone networks with fiber optics, and if we hope to remain competitive the U.S. must make a significant investment in our telecommunications infrastructure.

## **IMPEDIMENTS TO WOMEN IN TELECOMMUNICATIONS**

While increasing numbers of women continue to enter the telecommunications industry, there is still a marked lack of women with the technical and managerial expertise—plus length of experience—to start a successful telecommunications business. Second, there appear to be no information networks currently established for women entrepreneurs which can provide advice and support from other women. Third, access to capital is extremely difficult. This is a capital-intensive industry, generally requiring a substantial start-up investment. Sources of capital are limited, partially due to the risk factors involved, and women business owners are less likely to know where to look for appropriate sources of capital.

## **SOURCES OF FINANCING: VENTURE CAPITAL**

The venture capital community is oriented toward larger investments than the typical woman-owned start-up. They are generally looking for companies seeking large infusions of capital for expansion. In addition, women rarely have the track record of 15-20 years of technical and management experience looked for by venture capital firms. When one takes into account the small percentage of requests for capital even considered for approval, and the very small number of women actually applying, it is understandable that few women-owned firms in this high-risk area have been funded.

Women entrepreneurs also tend to have poor access to the networks of potential investors, and must establish those ties along with credibility with the venture capital community. There are women achieving financing at this level in this industry, but they are rare, and they are particularly determined and aggressive about seeking funding.

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## THE EXPERT ROUNDTABLE

Twenty-nine men and women participated in the discussions which followed the Denver hearing on prospects for women business owners in the telecommunications industry. In addition to the members of the National Women's Business Council, they represented government, academia, banking, venture capital firms, the media and a variety of large and small telecommunications firms. Several were women business owners. Discussion centered on two topics:

- Defining tomorrow's telecommunications marketplace.
- Pre-planning to allow women equal access to this marketplace.

The three recommendations which were chosen by the participants as most important were presented to the Council as recommendations for presentation in the annual report to the President and Congress. The expert group's recommendations were as follows:

- Promote the formation of entrepreneurial development funds with tax breaks similar to those of foundations, as well as grant programs and joint ventures in which large companies nurture small and emerging businesses.
- Generate public policy initiatives encouraging corporate incubation of small businesses for the purposes of training, support and mentoring.
- Develop networks and associations that bring together women involved in telecommunications for the purpose of exchanging ideas and information about their experiences in telecommunications. Through these networks a program of technical assistance partnerships can be developed.

Further suggestions ranked high by the participants included:

- Encourage the formation of venture capital groups that are sensitive to the needs of women business owners, and that will identify and encourage teams of successful, experienced women to form business partnerships and will aggressively pursue start-ups of such businesses.
- Establish a national database on sources of government and private funding.
- Devise educational policies that encourage women to pursue degrees in technical and scientific disciplines as well as promote educational curriculums which focus on entrepreneurship.

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## ***ADDITIONAL ADVANCES FOR WOMEN BUSINESS OWNERS***

The National Women's Business Council is proud to recognize and support the following advances for women business owners:

- As a direct result of the NWBC hearing and roundtable in Dallas, the Dallas Federal Reserve changed their procurement policy to provide better access for women business owners.
- Beginning with the next Census, the U.S. Census Bureau will include the new definition of women's business ownership in any questions regarding business ownership.
- Legislation has been passed in the state of California to establish a Council to Promote Business Ownership by Women. This Council, based on the NWBC model, was scheduled to begin operation in January, 1993.
- A Council has been established in Spain based on the NWBC model, and interest has been expressed by several other EC countries in following suit.
- The Federal Reserve has scheduled a survey of small business in the U.S., and will include women-owned business as an information category.



LOOKING AHEAD:

A WORLD OF

OPPORTUNITY

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## ***A PLAN FOR THE FUTURE***

1993 will be a year of change and a year of growth for women-owned businesses as the economy improves and sources of capital open up for women as well as business in general. Barriers to progress still exist, however, and many of the changes required to remove those barriers have not taken place.

1993 will be the final year of the Council's original five-year mandate. In addition to further development of the Council's studies and programs on the issue of access to capital, and a continuing focus on improved access for women to the government procurement process, the Council will look beyond our borders at opportunities for U.S. women business owners in the global economy.

The goals of the Council's mandate will not all be achieved by the end of 1993. The following activities may not all be completed within that time frame, but are priorities on the Council agenda.

- A hearing on opportunities for women in trade with Latin America and the Pacific Rim, to be held in March, 1993.
- Regional Symposia on Access to Capital under the sponsorship of the Federal Reserve.
- A Women's Economic Summit, tentatively scheduled for September, 1993.
- Efforts to ensure maintenance and expansion of the National Directory of State Programs for Women Business Owners.
- Development of a joint strategic plan with the members of the Interagency Committee on Women's Business Enterprise, which we hope will be reactivated under President Clinton.
- Follow-up on the further studies suggested by the results of the Missouri Pilot Study and focus groups.

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# **HEARING AND EXPERT ROUNDTABLE ON INTERNATIONAL TRADE**

**San Diego, California  
and  
Tijuana, Mexico**

**March 24—26, 1993**

*"To renew America, we must meet challenges abroad as well as at home. There is no longer division between what is foreign and what is domestic—the world economy . . . affect us all."*

*President Bill Clinton  
Inaugural Address. January 20, 1993*

Any discussion of opportunities and barriers for women business owners in today's shrinking world must focus considerable attention on international trade as a major area of growth and expansion for our economy. The importance of the Pacific Rim and Latin America made San Diego a logical site for this hearing, and enthusiastic cooperation from the University of California, San Diego (UCSD), the Center for U.S.-Mexican Studies, the San Diego Economic Development Council and the Mexican Consulate promise to make this one of the Council's most productive events.

## **DAY ONE**

The first day of the hearing will be hosted by the Tijuana Chamber of Commerce and the Mexican Consulate, and will focus on NAFTA from both a U.S. and Latin American perspective. The San Diego Economic Development Council is arranging a tour of a woman-operated maquiladora for the Council on their day in Mexico.

## **DAY TWO**

Day two, to be held at the University, will feature speakers, panels and an expert roundtable discussion. The program will conclude with a morning of testimony focusing on the Pacific Rim.

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## ***THE WOMEN'S ECONOMIC SUMMIT***

*Looking to the future:  
A global economy*

The culmination of the Council's efforts in this five-year period will be a Women's Economic Summit featuring participants and model programs not only from the U.S. but from around the world. The Summit was originally scheduled for September, 1993, but with the focus of the new administration on the economy and small business, the project could become much more important, so there is a possibility it may be scheduled for 1994. Co-sponsors of the Summit will be the Office of Women's Business Ownership at SBA, and the U.S. Ambassador to the U.N. Commission on the Status of Women.

The conference will feature women business owners and representatives of government and non-governmental organizations from industrialized and developing nations. U.S. participants will include representatives of business, government, academia, foundations and other not-for-profit organizations. The program will emphasize the exchange of information on "best practices", models which facilitate access to capital, access to government procurement opportunities, technical assistance and other programs to assist women-owned businesses. The goal of the Summit is to enable participants to leave better equipped to compete in the marketplace, and able to assist others at home in the same process.

Initial logistical planning for the conference has been completed, and a rough agenda prepared. Committees are in the process of formation, the official logo has been designed, and the RFP process is almost complete for a public relations firm.

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## ***REGIONAL SYMPOSIA ON ACCESS TO CAPITAL***

*1993*

At the conclusion of the Washington Symposium on Access to Capital, the Board of Governors of the Federal Reserve expressed strong interest in replicating the Symposium on a regional basis as a component of their community affairs program, and proceeded immediately to work with the Council on implementing a plan. They expect to hold the first regional Symposium in approximately June of 1993 and hope to host Symposia in each of the twelve regions. Although the NWBC will provide the model and the facilitator, and a Council member will attend each session, all other arrangements will be handled by the Federal Reserve.

It is hoped that the access to capital programs can be continued and expanded, to include turnkey training modules for organizations, and the publication of informational material.

## ***DIRECTORY OF STATE AND LOCAL PROGRAMS***

In 1993 the Council will work to ensure regular updating of this directory, and plans to assist in adding information on city and county programs in key metropolitan areas. A particular emphasis will be placed on procurement, and any programs designed to assist women business owners in achieving equal access to government contracts so that some models can be developed and distributed through the Office of Women's Business Ownership at the U.S. Small Business Administration.

APPENDIX

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## ***COUNCIL MEMBERS***

### **PATRICIA SAIKI, CHAIR**

Administrator  
U.S. Small Business Administration  
Washington, D.C.

Nominated by President Bush and confirmed by the United States Senate, Patricia Saiki became Administrator of the U.S. Small Business Administration (SBA) in March 1991. On April 20, 1991, Mrs. Saiki was appointed by the President as Chair of the National Women's Business Council. As the Chief Executive Officer of the SBA, Mrs. Saiki directs a comprehensive array of programs and services designed to promote and expand U.S. small business.

### **MARILU B. MEYER, VICE-CHAIR**

President and Owner  
Castle Construction Corporation  
Chicago, Illinois

Marilu Meyer is the president and owner of Castle Construction Corporation in Chicago, Illinois, a general contractor which self-performs concrete, masonry, carpentry and decorating. MBB Construction Group, a Castle subsidiary, serves the industry in the construction management field. The company has performed extensive work for the city of Chicago, O'Hare development projects, the Illinois Department of Transportation and the Washington Area Transit Authority.

### **PASTORA SAN JUAN CAFFERTY**

Professor  
The University of Chicago  
Chicago, Illinois

Dr. Pastora San Juan Cafferty joined the Council on May 22, 1992. She is a professor at The University of Chicago in the School of Social Service Administration and The School of Public Policy Studies. She has an extensive background in public policy and has served on a number of public and private boards including the Kimberly-Clark Corporation and the Lyric Opera Association in Chicago.

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**MARY ANN CAMPBELL, CFP**  
President  
Money Magic, Inc.  
Little Rock, Arkansas

Mary Ann Campbell is president of Money Magic, Inc., a provider of financial educational services. She has been nationally recognized as a top certified financial planner and for her innovative educational techniques using magic. She hosts a weekly radio program and writes a regular column for the local newspaper. She served on Southwestern Bell's Small Business Advisory Panel, developed a PBS series on Money, did financial reporting for NBC and taught at the University of Arkansas at Little Rock.

**BARBARA FRANKLIN**  
Secretary of Commerce  
U.S. Department of Commerce  
Washington, D.C.

**Represented by Alison Kaufman.** Alison P. Kaufman was appointed as Deputy Assistant Secretary for Intergovernmental Affairs in April 1991 by Secretary of Commerce, Robert A. Mosbacher. She had served as Director of the Office since March of 1990. Mrs. Kaufman is a member of the National Governors' Association Advisory Council on Defense Conversion and the Network Advisory Panel of the Clearing House on State International Policies.

**SAUNDRA R. HERRE**  
President  
Herrewood Associates  
Racine, Wisconsin

Saundra Herre is president of Herrewood Associates in Racine, Wisconsin. Her company provides management consulting services to small business owners and non-profit organizations in the area of advertising, marketing and management practices. She also serves as advisor and guest lecturer to the business schools of several universities.

**BARBARA LAUGHLIN**  
Executive Vice President  
Manufacturers and Traders Trust Company  
Buffalo, New York

Barbara Laughlin joined the Council on May 22, 1992. She is an Executive Vice President of Manufacturers and Traders Trust Company in Buffalo, New York. As Director of Technology and Banking Operations, she is responsible for the data processing, telecommunications and centralized services to support the \$10 billion First Empire State Corporation.

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**VIRGINIA LITTLEJOHN**

President

Global Strategies

Chevy Chase, Maryland

Virginia Littlejohn is President of Global Strategies in Chevy Chase, Maryland, a firm specializing in international business development. For the last several years she has also worked extensively in Central Europe and the former Soviet Union where she has organized training in entrepreneurship and management development.

**ALAN GREENSPAN**

Chairman of the Board of Governors

Federal Reserve System

Washington, D.C.

Represented by **Barbara R. Lowrey**. Barbara R. Lowrey is presently Associate Secretary of the Board of Governors of the Federal Reserve System. In this position, Dr. Lowrey is the primary administrative officer for the Office of the Secretary and has responsibility for the Board's Regulatory Planning and Review Program, the principal vehicle for tailoring regulations to market forces.

***NWBC STAFF LIST***

**Wilma Goldstein**, Executive Director

**Paula Breitweiser**, Program Coordinator

**Deborah Darrell**, Legislative Analyst

**Nathaniel Parker**, Administrative Officer

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## ***PARTICIPANTS—1992 PROGRAMS***

### ***Making Connections: Women in the Changing World of Telecommunications***

Jill Baylor  
Stone & Webster Management  
Denver, Colorado

Mary Beazley  
Telephone Express  
Colorado Springs, Colorado

Mary T. Blue  
US WEST Communications  
Denver, Colorado

Kathy Boyd  
University of Colorado Denver  
Graduate School of Public Affairs  
Denver, Colorado

Gail Bundy  
US WEST  
Englewood, Colorado

Karen Burke  
Kare Network Management  
Boulder, Colorado

Jan Campbell  
United Bank  
Denver, Colorado

Sandy Chevalier  
Colorado Women's  
Chamber of Commerce  
Small Business  
Development Center  
Denver, Colorado

Dora D'Amico  
ARA Public Affairs  
and Communications  
Small Business Administration  
Region VIII  
Denver, Colorado

Sherrie Creekmore  
Business Teleconsultants, Ltd.  
Denver, Colorado

Claudia Dulude  
IdealDial, Corporation  
Denver, Colorado

Sara Fuentes  
Denver Minority Business  
Development Center  
Denver, Colorado

Gene K. Fukumoto  
Exabyte Corporation  
Boulder, Colorado

Madonna Guenther  
(for Anne Draper)  
Telecommunications, Inc.  
Denver, Colorado

Flo Hernandez  
KUVU Radio  
Denver, Colorado

Lynne Hilderbrand  
US WEST  
Denver, Colorado

Kip Hughes  
United Bank  
Denver, Colorado

Kinney L. Johnson  
Capital Health Venture Partners  
Denver, Colorado

Laurie Ganong Jones  
Jones Technologies, Inc.  
Sterling, Colorado

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Nancy Korpi  
University of Colorado  
at Boulder  
Interlink Research  
& Systems Consulting  
Boulder, Colorado

Lloyd Lewan  
Lewan and Associates  
Denver, Colorado

Susan Loughridge  
AT&T  
Bloomington, Minnesota

Carolyn Love  
Small Business  
Development Center  
Denver, Colorado

Sandra McCray  
University of Colorado at Boulder  
Boulder, Colorado

Dr. Polly McLean  
University of Colorado at Boulder  
Boulder, Colorado

Katrina L. Millikan  
WestComm Technologies, Inc.  
Englewood, Colorado

John Mullins  
Colorado Office of  
Business Development  
Denver, Colorado

Dr. Joseph N. Pelton  
University of Colorado at Boulder  
Interdisciplinary  
Telecommunications Program  
Boulder, Colorado

Marge Price  
Linton, Miels, Reisler  
& Cattone, Ltd.  
Denver, Colorado

Lisa Puhls  
(for Judy Van Essen)  
Automated Communications, Inc.  
Denver, Colorado

Francine Rienstra  
F.E.M. Ray, Inc.  
Tucson, Arizona

Terry Romero  
KCEC-TV Channel 50  
Lakewood, Colorado

Joanne Savage  
Talking Tapes  
Rifle, Colorado

Kristy Schloss  
Schloss Engineered Equipment  
Aurora, Colorado

Sharon Silvas  
Colorado Woman News  
Denver, Colorado

Theresa M. Szczurek  
Radish Communications  
Systems, Inc.  
Boulder, Colorado

Thomas G. Washing  
Hill, Carman, Kirby & Washing  
Boulder, Colorado

Sharan Wilson  
Netlink  
Englewood, Colorado

Dr. Michael O. Wirth  
University of Denver  
Department of Mass Communications  
Denver, Colorado

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# ***PARTICIPANTS— ACCESS TO CAPITAL SYMPOSIUM***

## ***Financing Options for Women Business Owners***

**Stella Alvo**  
Raisin' Cookie, Inc.  
New York, New York

**Nancy Avitabile**  
Business Management Resources  
Bethesda, Maryland

**Kay Berry**  
Riviera Finance  
St. Louis, Missouri

**Bluette Blinoff**  
Merrill Lynch  
Houston, Texas

**Kevin Blum**  
(c/o Barbara Blum)  
Adams National Bank  
Washington, D.C.

**Jane Bonner**  
Senate Committee on Small Business  
United States Senate  
Washington, D.C.

**Melody Borchers**  
Women's Business Resource Program Ohio  
Department of Development Columbus, Ohio

**Joseph Bracewell**  
Century National Bank  
Washington, D.C.

**James E. Burk. Esq.**  
Metzger, Hollis, Gordon and Mortimer  
Washington, D.C.

**Catherine Burkert**  
Guthrie Capital  
New York, New York

**Leonore Cameron**  
Bureau of Women's  
Business Development  
Department of Commerce  
Harrisburg, Pennsylvania

**Martha Chana**  
Office of the Treasurer  
State of Illinois Center  
Chicago, Illinois

**Clark Childers**  
Offult Childers and Putnam, P.C.  
Vienna, Virginia

**John Cox**  
Office of Business Loans  
U.S. Small Business Administration  
Washington, D.C.

**Jonna Lynne Cullen**  
JL Gourmand  
Alexandria, Virginia

**Gina H. Despres**  
The Capital Group, Inc.  
Washington, D.C.

**Ronnie Feit**  
Washington, D.C.

**Laura Memhard Fleming**  
Memhard Investment Bankers, Inc.  
Ridgefield, Connecticut

**Patti Forbes**  
Senate Committee on Small Business United  
States Senate  
Washington, D.C.

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Diana Furchtgort-Roth  
The White House  
Washington, D.C.

Margie Gorman  
Tierney Group  
Philadelphia, Pennsylvania

Margaret Greenspan  
Greenspan & Associates  
New York, New York

Susan G. Greenwood  
The Porter Group  
New York, New York

Sharon Hadary  
National Foundation  
of Women Business Owners  
Washington, D.C.

Ruth Ann Halford  
Seattle Small Business  
Lending Association  
Seattle, Washington

James Hammersley  
Office of Financial Assistance  
U.S. Small Business Administration  
Washington, D.C.

Elizabeth Harkins  
Office of The Honorable Dave Camp  
U.S. House of Representatives  
Washington, D.C.

Cindy Hays  
JL Gourmand, Inc.  
Alexandria, Virginia

Marsha Henderson  
Fleet Bank  
Buffalo, New York

Patricia Hennessey  
Small Business Committee  
U.S. House of Representatives  
Washington, D.C.

Pearl Holforty  
Liberty BIDCO  
Southfield, Michigan

Kathey N. Hunter  
Small Business Development Center  
Alexandria, Virginia

Jill Johnson  
Johnson Consulting Services  
Minneapolis, Minnesota

Lindsey L. Johnson  
Office of Women's Business Ownership  
U.S. Small Business Administration  
Washington, D.C.

Alice Kello  
Riviera Finance  
Princeton, New Jersey

Susan Kezios  
Women in Franchising  
Chicago, Illinois

Susan Loughridge  
AT&T  
Bloomington, Minnesota

Mary Brennan Lukens  
Office of Business Development  
U.S. Small Business Administration  
Washington, D.C.

Rebecca Maddox  
Compass Rose  
Fraser, Pennsylvania

Allan Handel  
Office of Rural Affairs  
and Economic Development  
U.S. Small Business Administration  
Washington, D.C.

Carroll Markley  
Patriot Bank  
Reston, Virginia

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**Kirstin Marlatt**  
(for Susan Davis)  
Women's World Banking  
New York, New York

**Katharine McKee**  
Self Help Development Bank  
Durham, North Carolina

**Saunders Miller**  
Office of Program Development  
U.S. Small Business Administration  
Washington, D.C.

**Jeanne Morin**  
Small Business Committee  
U.S. House of Representatives  
Washington, D.C.

**Joseph Newell**  
Office of Investment  
U.S. Small Business Administration  
Washington, D.C.

**Joyce Overly**  
ARK Capital Management  
Belton, Missouri

**Dolores Ratcliffe**  
Association of Black  
Women Entrepreneurs  
Los Angeles, California

**Patricia Robinson-Sanders**  
Louisiana Office of  
Business Development  
Baton Rouge, Louisiana

**Larry Smerin**  
Hudson Advisory Group  
Fairfax, Virginia

**Scylur Stoakley**  
ARK Capital Management  
Chicago, Illinois

**Mary Strickland**  
Women's Business Services  
Wisconsin Department of Development  
Madison, Wisconsin

**Annette Taylor**  
Women's Equity Fund  
Boulder, Colorado

**Margo Thorning**  
American Council for  
Capital Formation  
Washington, D.C.

**Roger White**  
Barclays Bank  
Charlotte Amalie,  
St. Thomas, USVI

**Barbara Wilson**  
Austin Minority Business  
Development Center  
Austin, Texas

**Jennifer Wilson**  
Sky Venture Capital Fund, L.P.  
Des Moines, Iowa